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SUBJECT: CORRUPTION: SOME GOOD LAWS IN PLACE; LOCAL GOVERNMENTS NEW AREA FOR CONCERN

1. Summary: Reducing corruption in Slovakia has been a long-term U.S. goal. The laws are now generally good, although some gaping weaknesses remain. An area of growing concern is public procurement at the local and regional levels, where officials act beyond the control of the national auditor's office, and without other checks such as rival political parties and media watchdogs that exist at the national level. GOS officials and NGO's continue to work on the problem, and we will provide moral and economic arguments on fighting corruption where possible. End summary.

2. Minister of Justice Daniel Lipsic and Director of Transparency International Slovakia's (TIS) local and regional anti-corruption program Vladimir Pirosik discussed the fight against corruption in a public event organized by the Standing Conference of the Civil Institute (SKOI--established in 1993). Frantisek Sebej (journalist, former MP, and long-term democracy activist) moderated the discussion, which was partially funded by the Dutch Embassy.

3. Both Lipsic and Pirosik stated that the legal framework for the fight against corruption is generally complete. There are some areas for improvement, for example eliminating such discretionary provisions as "may issue a fine, permit or concession." Also, penalties should be more strictly defined, rather than including broad ranges of fines "of up to 10 million Slovak crowns." Pirosik suggested that a special working group should be established to review all the relevant laws and recommend elimination of these weaknesses.

4. Parliament rejected a proposed "law on origin of property," which would permit a civil court to confiscate property acquired illegally. Lipsic believes the law is necessary and in accordance with the Constitution. Pirosik considers the law to be a dangerous, populist idea from opposition leader Robert Fico, which is unconstitutional because it is based on a presumption of guilt and is retroactive. The debate was rather theoretical because they both stated that there is no chance that the law will be passed in this election term. The same is true for the amendment to the Constitution on the restriction of immunity from prosecution for members of parliament.

5. Traditionally, Slovaks perceive the highest amount of corruption in health care, education and the judiciary. Pirosik said it is also widespread in the construction sector. Lipsic stressed corruption in public procurement, which will continue to be a problem in the future because there are billions of crowns spent every year. A new law on public procurement is currently being drafted. Lipsic invited all experts, including those from the NGO sector, to help to identify the problems and to draft a good law.

6. Both Lipsic and Pirosik agreed that corruption is becoming a serious problem at the local and regional levels. With decentralization, substantial amounts of money are transferred to these levels and there is almost no control over how it is used. The national auditor's office (NKU) does not have the right to audit local and regional self-governments. Local political parties are corrupt and do not parallel relationships at the national level. Rather, local and regional government structures are more like "brotherhoods" or clans, which corruptly cooperate across party lines and in this respect have identical interests. Media outlets are often owned by mayors or municipal offices, so they do not fulfill their watchdog role.

7. Lipsic stated that MOJ submitted an amendment to the constitution providing NKU with the power audit money at the local and regional levels. It was approved by the cabinet on June 8. However, he expects strong resistance in parliament, mainly due to lobbying by the Association of Towns and Communities (ZMOS). In recent years, police and prosecutors have

identified and prosecuted several corrupt local politicians through new techniques such as under-cover cops. Pirocik said that TIS established a network of citizens who are interested in what's happening in their respective towns/municipalities and who monitor the sessions of city and regional councils. In Bratislava, TIS was unfortunately able to field only one activist.

18. Comment: Reducing governmental corruption has been a long-term U.S. goal in Slovakia and continues to be

an MPP democracy goal for the embassy. Before Lipsic became Minister of Justice, he was an employee of the American Bar Association's Central Europe and Eurasia Legal Initiative (ABA-CEELI) and worked on judicial reform and anti-corruption measures. Much progress has been made on the legislative front, and in the creation of a special prosecutor and court to handle high-level corruption cases. However, the current government seems to have hit a dead end; politicians simply are not willing to submit themselves to stricter controls, and public pressure is not effective in forcing further change. Additional anti-corruption measures at the local level and in public procurement will be critically important. We will closely watch future developments and make both moral and economic arguments to encourage greater transparency. End Comment.

THAYER

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